

COCHISE COUNTY, ARIZONA
Report on Audit of Annual
Expenditure Limitation Report
Year Ended June 30, 2002

COCHISE COUNTY
Report on Audit of Annual Expenditure Limitation Report
Year Ended June 30, 2002

Table of Contents

Independent Auditors' Report.....	1
Annual Expenditure Limitation Report – Part I.....	2
Annual Expenditure Limitation Report – Part II.....	3
Annual Expenditure Limitation Report – Reconciliation.....	4
Notes to Annual Expenditure Limitation Report.....	5

Independent Auditors' Report

Auditor General of the State of Arizona

The Board of Supervisors of
Cochise County, Arizona

We have audited the accompanying Annual Expenditure Limitation Report of Cochise County for the year ended June 30, 2002. This report is the responsibility of the County's management. Our responsibility is to express an opinion on this report based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the report. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall report presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Annual Expenditure Limitation Report was prepared for the purpose of complying with the uniform expenditure reporting system as discussed in Note 1, and is not intended to be a presentation in conformity with U.S. generally accepted accounting principles.

In our opinion, the Annual Expenditure Limitation Report of Cochise County for the year ended June 30, 2002, referred to above, presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the members of the Arizona State Legislature and the Board of Supervisors, and for filing with the Auditor General of the State of Arizona and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

CHRISTENSEN, GALE & MCLAREN, LLP

December 6, 2002

COCHISE COUNTY
Annual Expenditure Limitation Report - Part I
Year Ended June 30, 2002

1. Economic Estimates Commission expenditure limitation	\$ 48,563,187
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>43,050,610</u>
3. Amount under the expenditure limitation	<u>\$ 5,512,577</u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer: _____

Name and Title: _____

Telephone Number: _____ Date: _____

See accompanying notes to report.

COCHISE COUNTY
Annual Expenditure Limitation Report - Part II
Year Ended June 30, 2002

<u>Description</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation, Line D	\$ 32,900,623	\$ 22,849,368	\$ 1,534,446	\$ 26,304,106	\$ 83,588,543
B. Less exclusions claimed:					
Debt service requirements on other long- term obligations (Note 2)	516,090	4,791			520,881
Trustee of custodian (Note 3)	2,214,756	199,126			2,413,882
Grants and aid from the federal government (Note 4)	1,490,105	6,621,574			8,111,679
Amounts received from the State of Arizona (Note 4)	550,035	3,300,394	233,000		4,083,429
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 4)		5,408,062			5,408,062
Contracts with other political subdivisions (Note 5)	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000,000</u>	<u>20,000,000</u>
Total exclusions claimed	<u>4,770,986</u>	<u>15,533,947</u>	<u>233,000</u>	<u>20,000,000</u>	<u>40,537,933</u>
C. Amounts subject to the expenditure Limitation	<u>\$ 28,129,637</u>	<u>\$ 7,315,421</u>	<u>\$ 1,301,446</u>	<u>\$ 6,304,106</u>	<u>\$ 43,050,610</u>

See accompanying notes to report.

COCHISE COUNTY
Annual Expenditure Limitation Report - Reconciliation
Year Ended June 30, 2002

<u>Description</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
A. Total expenditures or expenses and applicable other financing uses reported within the primary government financial statements	\$ 37,493,197	\$ 24,661,831	\$ 1,534,446	\$ 25,756,726	\$ 89,446,200
B. Deductions:					
Items not requiring use of working capital:					
Depreciation				191,967	191,967
Landfill closure and postclosure care costs				186,429	186,429
Charges to other funds in excess of Internal Service Fund expenses	55,401	34,990		6,804	97,195
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 6)		1,777,473			1,777,473
Long-term care contributions withheld by the State Treasurer (Note 7)	<u>4,537,173</u>				<u>4,537,173</u>
Total deductions	4,592,574	1,812,463	-	385,200	6,790,237
C. Additions:					
Acquisition of capital assets				932,580	932,580
	-	-	-	-	-
Total additions	-	-	-	<u>932,580</u>	<u>932,580</u>
D. Amounts reported on Part II, Line A	<u>\$ 32,900,623</u>	<u>\$ 22,849,368</u>	<u>\$ 1,534,446</u>	<u>\$ 26,304,106</u>	<u>\$ 83,588,543</u>

See accompanying notes to report.

COCHISE COUNTY
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2002

Note 1 - Summary of Significant Accounting Policies

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting prescribed by the uniform expenditure reporting system (UERS), as required by Arizona Revised Statutes 41-1279.07, which excludes expenditures or expenses of certain revenues specified in the Arizona Constitution, Article IX 20 from the total expenditures or expenses reported in the annual general purpose financial statements.

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed on Part II and each deduction or addition in the Reconciliation that cannot be traced directly to an amount reported in the annual general purpose financial statements. All references to financial statement amounts in the following notes refer to the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds for the General, Special Revenue, Debt Service, Capital Projects, or Expendable Trust Funds; and to the Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (Fund Equity) All Proprietary Fund Types for the Enterprise and Internal Service Funds.

- Note 2 -** The exclusion claimed for debt service requirements on other long-term obligations in the General Fund consists of principal retirement and interest expense. The exclusion claimed in the Special Revenue Funds consists of principal payments and interest on capital leases.
- Note 3 -** The exclusion claimed for trustee or custodian consists of \$2,214,756 in contributions by the County to the Arizona Health Care Cost Containment System for acute care. The exclusion claimed for trustee or custodian in the Special Revenue Funds consists of \$199,126 in antiracketeering that were reported as general expenditures.
- Note 4 -** The exclusion claimed for capital projects consisted of \$233,000 in State of Arizona grants from the Arizona Supreme Court to complete the construction of the Juvenile Center in Cochise County. The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, other amounts received from the State of Arizona, and highway user revenues in the General and Special Revenue Funds.

COCHISE COUNTY
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2002

<u>Description</u>	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	<u>Revenues</u>	<u>Amount Excluded</u>	<u>Amount Carried Forward</u>	<u>Revenues</u>	<u>Amount Excluded</u>	<u>Amount Carried Forward</u>
Grants and aid from the federal government	\$ 1,490,105	\$ 1,490,105	\$ -	\$ 6,621,574	\$ 6,621,574	\$ -
Amounts received from the State of Arizona	550,035	550,035	-	3,300,394	3,300,394	-
Highway user revenues in excess of those received in fiscal year 1979-1980			-	5,408,062	5,408,062	-
Other revenues(nonexcludable)	<u>9,657,666</u>	<u>-</u>	<u>-</u>	<u>4,917,666</u>	<u>-</u>	<u>-</u>
Total intergovernmental revenues as reported in the primary government financial statements	<u>\$ 11,697,806</u>	<u>\$ 2,040,140</u>	<u>\$ -</u>	<u>\$ 20,247,696</u>	<u>\$ 15,330,030</u>	<u>\$ -</u>

Note 5 - The exclusion claimed for contracts with other political subdivisions of \$20,000,000 in the Enterprise Funds consists of charges for services expended. Charges for services of \$532,763 have been carried forward to future years.

COCHISE COUNTY
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2002

Note 6 - The deduction of \$1,777,473 for separate legal entities established under Arizona Revised Statutes consists of expenditures of special assessment districts and municipal property corporations included within the County's reporting entity but not included in the Economic Estimates Commission base limit calculations. Deductions are reported in the following categories in the primary government financial statements:

	Special Revenue Funds
Public safety	\$ 964,722
Culture and recreation	812,751
	\$ 1,777,473

Note 7 - The amount of transaction privilege taxes withheld by the State Treasurer to meet the County's share of long-term care costs was reported as revenue and an offsetting expenditure in the County's primary government financial statements. Consequently, this expenditure has been deducted on the Reconciliation.

Note 8 - The deduction for charges to other funds in excess of Internal Service Fund expenses of \$97,195 consisted of Internal Service Fund charges for services and health plan contributions of \$1,624,657 and \$4,216,277, respectively, less expenditures of \$5,743,739. The deduction was allocated to the various funds based on health plan contribution percentages.